

**§ 124.701 Applicability.**

The provisions of this subpart apply to facilities with respect to which grant funds were paid for construction or modernization—

(a) Under title VI or XVI of the Public Health Service Act; or

(b) Pursuant to the authority of the Secretary under any of the following statutes:

(1) The Public Works Acceleration Act of 1962, Pub. L. 87–658 (42 U.S.C. 2641 *et seq.*);

(2) The District of Columbia Medical Facilities Construction Act of 1968, 82 Stat. 631 (Pub. L. 90–457);

(3) The Appalachian Regional Development Act of 1965, as amended (40 U.S.C. App.).

**§ 124.702 Definitions.**

As used in this subpart—

*Act* means the Public Health Service Act.

*Department* means the Department of Health and Human Services.

*Expected useful life* means the period of time during which the structure may reasonably be expected to perform the function for which it was designed or intended.

*Facility* means a facility with respect to which grant funds were paid under any of the authorizations listed in § 124.701.

*Fiscal year* means the facility's fiscal year.

*Nonprofit*, as applied to any facility, means a facility that is owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

*Secretary* means the Secretary of Health and Human Services and any other officer or employee of the Department of Health and Human Services to whom the authority involved has been delegated.

*State agency* means (1) in the case of a facility with respect to which a grant was made under title VI of the Public Health Service Act or any of the statutes listed in § 124.701(b), the State agency designated pursuant to section 604 of the Public Health Service Act or its successor agency, and (2) in the case of a facility with respect to which a

grant was made under title XVI of the Public Health Service Act, the State health planning and development agency designated pursuant to title XV of the Public Health Service Act.

*Then value* means the value of the facility on the date the facility is sold, transferred or ceases to be used for a permissible use as described in § 124.704.

**§ 124.703 Federal right of recovery.**

(a) If any facility is at any time within 20 years after the completion of the grant-assisted construction or modernization sold or transferred to any entity which is either not qualified for a grant under the statute pursuant to which the grant was awarded or not approved as a transferee by the State agency, the United States shall be entitled to recover on the basis of joint and several liability from any transferor, transferee, or successive transferee of the facility an amount determined in accordance with this subpart.

(b) If any facility at any time within 20 years after the completion of the grant-assisted construction or modernization ceases to be a public or other non-profit facility that would have been eligible for a grant under the statute pursuant to which the grant was awarded, the United States shall be entitled to recover from the owners of the facility an amount determined in accordance with this subpart.

**§ 124.704 Notification of sale, transfer, or change of use.**

(a) The transferor of a facility that is sold or transferred as described in § 124.703(a), or the owner of a facility which ceases to be a public or other nonprofit facility as described in § 124.703(b), shall provide the Secretary written notice of such sale, transfer, or other change not later than 10 days after the date on which the sale, transfer, or change occurs.

(1) *Transfer*. For purposes of this subpart, a transfer occurs when a facility is conveyed to another entity through lease, merger, bankruptcy, foreclosure, or other arrangement.

(2) *Cease to be*. For purposes of this subpart,

(i) A facility “ceases to be” a facility for which a grant could have been made under the statute pursuant to which